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EXAMINER

BARTLEY, KENNETH

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/657,535	Applicant(s) KOCHANSKY, JOSEPH	
	Examiner KENNETH L. BARTLEY	Art Unit 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 11 February 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1,6-7,15,18,22-25 and 28-32 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1,6,7,22-26 and 28-32 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. Receipt of Applicant's amendment and response filed on February 11, 2008 is acknowledged.

Response to Amendment

2. Claims 1, 6, 15, 18, 22, and 25 are currently amended. Claims 2-5, 8-14, 16-17, 19-21 and 26-27 are canceled. Claims 1, 6-7, 15, 18, 22-25, and 28-32 are pending in the application and are provided to be examined upon their merits.

3. The Examiner thanks Applicant for correcting the minor specification problem.

4. The Applicant has amended independent claims 1 and 15 and cancelled claim 8. The Examiner thanks Applicant for amending claims to overcome 35 U.S.C. § 101 rejection. Therefore, the Examiner removes the 35 U.S.C. § 101 rejections for claims 1-21.

5. The Applicant has amended independent claims 1, 15, 22, and 25 and cancelled claim 8. Based on the amendments, the Examiner removes the 35 U.S.C. § 112 second paragraph rejections for claims 1-27. However, the Examiner found a 35 U.S.C. § 112 first paragraph rejection (see below).

Response to Arguments

6. Applicant's arguments with respect to claims 1, 6-7, 15, 18, 22-25, and 28-32 have been considered but are moot in view of the new ground(s) of rejection.

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Nevertheless, the Examiner provides a detailed response in **bold** below where appropriate.

Claim rejections under 35 U.S.C. §102

The Examiner provided 35 U.S.C. §102(b) rejection using as prior art U.S. Patent No. 5,893,079 to Cwenar that was applied to claims 1-2, 5, 8-9, 12, 15-16, and 19.

Applicant reviews claim 1 beginning on page 11:

Independent claim 1 recites a method of determining the buying power of an investment portfolio for a given security. The method includes providing a set of compliance rules and calculating a transaction limit for a proposed transaction involving the security for each compliance rule. The method also includes sorting the set of compliance rules from most restrictive to least restrictive and displaying the sorted set of compliance rules along with the calculated transaction limit for each rule.

Noted. However, the Examiner points out that claim 1 was extensively amended and provides a response below based on the added elements.

Applicant reviews Cwenar:

Cwenar recites a computerized data processing system having an external data interface for communicating with nonuser outside sources of investment data to process and deliver the data to a server for storage in a central database. The data delivered to the central database is in the form of data storage tables containing investment data. A data storage table may contain information with respect to an individual security, such as a description of the security, coupon, yield, price, CUSIP number, and issuer of the security. The system also provides a compliance means which serves to compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards. The system can then provide instructions regarding stopping, delaying, or proceeding with the proposed trade with appropriate records being kept.

Applicant argues beginning on page 12:

Cwenar fails to disclose or suggest calculating a transaction limit based on a compliance rule. Cwenar also fails to disclose or suggest displaying a sorted list of compliance rules along with their associated transaction limits. The system disclosed in Cwenar allows a user to input rules through an external interface. See col. 11, lines 44-45. The rules may be stored on a local computer or in a central database. See col. 11, lines 46-51. The rules can be based on legal requirements, see col. 12, lines 6-7, or can be discretionary and customized to the preference of a user. See col. 12, lines 40-42. When a transaction is found to

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violate the rules the trade is stopped, and an audit trail report is prepared. See col. 12, line 27-29. If the transaction is found to be consistent with the rules, the trade proceeds and a user receives a compliance approval report. See col. 12, lines 41-47. Cwenar simply does not disclose the steps of calculating a transaction limit based on a compliance rule and displaying a sorted list of compliance rules along with their associated transaction limits. Consequently, Cwenar does not provide a portfolio manager with transaction limit information that would allow the portfolio manager to identify alternative opportunities and decide what actions should be taken. Because Cwenar fails to disclose or suggest each element recited in claim 1, claim 1 and all claims depending therefrom are patentable over Cwenar.

The Examiner points out that Cwenar teaches:

“In the event a proposed transaction or prospectus violates such rules, the system would, in the preferred embodiment, issue a message or take action to terminate the transaction. By way of specific example, a mutual fund might be prohibited from purchasing a certain category of stocks or from owning more than a certain percentage of a certain category of investment.” (col. 11, line 67 and col. 12, lines 1-6)

Therefore, respectfully Cwenar does teach the step of calculating a transaction limit, where the limit is the number of shares of a certain type of stock for a rule that limits percent ownership.

Regarding the amended claim element that teaches “...displaying a sorted list,” the Examiner provides new art below.

Applicant argues claim 15 at the bottom of page 12:

Independent claim 15 recites means for calculating a transaction limit as well as means for displaying a list of sorted compliance rules along with the transaction limit associated with each compliance rule. Thus, claims 15 as well as all claims depending therefrom are patentable over Cwenar. Accordingly, withdrawal of the rejections under 35 U.S.C. § 102(b) is respectfully requested.

Noted. However, see response above regarding calculating a transaction limit and a new rejection is provided below for displaying.

Claim Rejections under 35 U.S.C. §103(a)

The Examiner provided 35 U.S.C. §103(a) rejection using Cwenar in view of U.S. Pub. No. 2004/0220872 to Pollock (claims 6-7, 13-14, and 20-21), and in view of Official Notice (claims 3-4, 10-11, 17-18, 22, and 25).

Applicant discusses Pollack on page 13, second paragraph:

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Pollock fails to overcome the deficiencies of Cwenar. Pollock discloses methods for lending based on an asset and securitization of loan interests. The Office relies on Pollock solely for its disclosure of receiving a proposed nominal value of an appreciation loan associated with an appreciating asset, and determining whether the nominal value meets guidelines of a lender. Pollock does not disclose or suggest the steps of calculating a transaction limit of an investment portfolio for a given security based on a compliance rule and displaying a sorted list of compliance rules along with their associated transaction limits. For at least this reason, claims 6 and 7 are patentable over Cwenar and Pollock, either individually or in combination.

The Examiner used Pollock III to teach that using a nominal value instead of absolute values is old and well known. The fact that Pollock, III performs loan analysis using nominal values does not limit nominal values to loan use, but indicates nominal values may be used for analysis purposes. The Examiner respectfully maintains that nominal values are old and well known.

Applicant cites canceled claims on page 13:

In the Office Action, claims 3, 4, 10, 11, 17, 18, 22, and 25 have been rejected under 35 U.S.C. §103(a) as being unpatentable over Cwenar. Claims 3, 4, 10, 11, 17, and 18 have been canceled.

Noted.

Applicant argues claims 22 and 25 at the bottom of page 13:

Independent claims 22 and 25 are not rendered obvious by Cwenar. The Office concedes that Cwenar fails to disclose sorting compliance rules from least to most restrictive based on transaction limits, but indicates that "the Examiner takes Official Notice that sorting information based on relevancy is old and well known" and that "it would have been obvious to one skilled in the art at the time of invention to include the ability to sort compliance rules from most to the least restrictive and that doing this would permit quick assessment of the most relevant rules that are gating a transaction." Applicant respectfully submits that the Examiner has improperly relied on official notice as a basis for the rejection. It is never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record, as the principal evidence upon which a rejection is based. MPEP 2144.03. The Office has presented no evidence, other than Applicant's disclosure, to support the obviousness rejection. Cwenar discloses comparing a proposed trade with a group of rules "which can be prioritized with respect to legal or business standards." See Cwenar, col. 2, lines 41-44. Cwenar does not disclose or suggest calculating a transaction limit for each of the compliance rules, nor does Cwenar disclose or suggest sorting the compliance rules and displaying the sorted rules. For at least these reasons,

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claims 22 and 25 are patentable over Cwenar. Applicant respectfully requests that the rejection of these claims under 35 U.S.C. § 103 be withdrawn.

The Examiner took Official Notice that sorting information based on relevancy is old and well known. The Examiner cites the following prior art:

U.S. Patent 6,272,478 to Obata et al.:

“Further preferably, the performance result display displays association rules arranged in ascending or descending order based on the evaluation values calculated by the association rule evaluator.” (col. 3, lines 54-57)

“In step 25, the performance result display 15 receives the association rule file 17 storing evaluation values which have been updated in step 24, changes the order of the association rules based on the evaluation values calculated in step 24, displays the corresponding association rules in ascending or descending order according to the user's request, and narrows the display contents by displaying only the association rules having an evaluation value which is more (or less) than a threshold.” (col. 7, lines 33-41)

U.S. Pub. No. 2002/0059107 to Reich et al.

“A list server is connected to the list storage areas and the rules engine and is configured to process the information in the restriction lists and indicate, in response to a query from the rules engine, which restrictions are relevant to a given request.” ¶ [0009]

“Various features can be implemented in the system to enhance functionality and increase performance. In one implementation, compliance rules are assigned a specified priority which is used to determine the order in which the rules are evaluated.” ¶ [0012]

“When multiple restrictions are in place for a given instrument, the list server 34 can limit the number of restrictions to be considered by returning only restrictions having a minimum severity level or only the most severe restriction. In a specific embodiment, when more than one restriction on a given instrument is present in the same control list, the list server 34 will return only the restriction having the highest severity level from that list. Because which list a restriction appears in can effect whether a given party is in compliance, in this embodiment, if a restriction is present in more than one list, the most severe restriction from each list is returned.” ¶ [0039]
Inherent in determining, for example, which has the highest severity level in a list would be sorting the list by severity.

The Examiner respectfully maintains sorting information based on relevancy is old and well known.

Applicant points out new claims 28-32 on page 14:

Applicant submits that new claims 28-32 are also patentable over Cwenar and Pollock, either individually or in combination. Independent claim 28 recites a system for facilitating trade entry and portfolio management. The system includes a user interface interacting with a control program, a data storage device, and a processor. A financial security section of the user interface displays the name of a security as well as data associated with the security. A portfolios section of the user interface displays data retrieved from the data storage device, including a selectable list of investment portfolios and a buying power limit for the security associated with each of the investment portfolios. The system also includes a buying power module in the user interface, which displays a list of compliance rules retrieved from the data storage device and a transaction limit calculated by the processor for each of the compliance rules. The compliance rules and each of their associated transaction limits are listed from lowest transaction limit to highest transaction limit and are applicable to a currently selected investment portfolio in the portfolios section of the user interface.

Neither Cwenar nor Pollock renders claim 28 obvious. Both Cwenar and Pollock disclose user interfaces, however each reference fails to disclose or suggest a portfolios section and a buying power module, as described above. For at least these reasons, claim 28, and all claims depending therefrom, are patentable over the cited references.

Noted. However the Examiner provides new rejections below to overcome the new claims.

Applicant concludes on page 15:

It is respectfully submitted that each of the pending claims in the application, namely claims 1, 6, 7, 15, 18, 22-25 and 28-32, is directed to patentable subject matter.

Noted. However, the Examiner provides new art below to overcome the amended and new claims.

Claim Objections

7. Claim 22 is objected to because of the following informalities: there is a semicolon missing at the end of steps f and h (...compliance rules; and). Appropriate correction is required.

Claim Rejections - 35 USC § 112

8. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

9. Claim 31 is rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.
10. Claim 31 recites a "transaction execution module" where none can be found in the specification. The Examiner notes "...the buying power module enables a portfolio manager to determine a dollar limit or quantity for a proposed transaction..." in ¶ [0024], but was unable to find a "transaction execution module."

Claim Rejections - 35 USC § 103

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

12. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

13. Claims 1, 15, 18, 22, 25, and 32 are rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 5,893,097 to Cwenar in view of U.S. Pub. No. 2002/0082979 to Sands et al. and Official Notice.

[Note that the analysis for the method claim (22) also applies to the respective system claim (25).]

Regarding claim 1:

A computer implemented method of determining the buying power of an investment portfolio for a given security, the method comprising the steps of:

a) providing a set of compliance rules, each of the compliance rules defining a limit on the amount of shares of the security that can be added to the investment portfolio based on predetermined criteria;

Cwenar provides:

Compliance rules for investment portfolios...

“The system further provides, in preferred forms, the use of relational databases and central data repository, the use of dynamically linked library architecture with firewalls, rules-based compliance systems and great flexibility in respect of storage and communication of investment information.” (col. 14, lines 10-15)

“It is another object of the present invention to provide such a system which permits real-time, rule-based compliance review in order to determine that a proposed transaction will not violate predetermined rules.” (col. 2, lines 66-67 and col. 3, lines 1-2)

b) calculating a transaction limit for a proposed transaction involving the security for each compliance rule in the set of compliance rules;

“It is another object of the present invention to provide such a system which permits real-time, rule-based compliance review in order to determine that a proposed transaction will not violate predetermined rules.” (col. 5, lines 22-26). For a transaction not to violate predetermined rules requires calculation of a transaction limit.

“In the event a proposed transaction or prospectus violates such rules, the system would, in the preferred embodiment, issue a message or take action to terminate the transaction. By way of specific example, a mutual fund might be prohibited from purchasing a certain category of stocks or from owning more than a certain percentage of a certain category of investment.” (col. 11, line 67 and col. 12, lines 1-6)

c) sorting the set of compliance rules from most restrictive to least restrictive based on the calculated transaction limit for each compliance rule, wherein the most restrictive compliance rule has the lowest transaction limit and the least restrictive compliance rule has the highest transaction limit;

Cwenar teaches:

“The system also provides compliance means which serves to on a real-time basis compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards and provide instructions regarding stopping, delaying or proceeding with the proposed trade with appropriate records being kept.” (col. 2, lines 41-46)

While Cwenar discloses prioritizing compliance rules, he does not disclose sorting the rules from least to most restrictive based on transaction limits. However, the Examiner takes Official Notice that sorting information based on relevancy is old and well known. Therefore, it would have been obvious to one skilled in the art at the time of invention to include the ability to sort compliance rules from most to the least restrictive and that doing this

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would permit quick assessment of the most critical rules that are gating a transaction.

It would be inherent that the most restrictive rule would have the lowest transaction limit and the least restrictive rule would have the highest transaction limit.

d) displaying the sorted set of compliance rules and the calculated transaction limit for each rule; and

“It will be appreciated, therefore, that the present invention provides an improved system for receiving, processing, storing, creating, displaying and acting upon a wide variety of investment data, including the data employed in managing mutual funds and effecting trades.” (col. 13, lines 62-66)

“A request for data or information originating within the external user interface results in the server means processing the request as by finding the data in the main or central database and returning the information to the external user interface for processing, such as display, performing calculations and performing spreadsheet-like, what-if calculations.” (col. 4, lines 7-13)

(see Display below)

e) determining the buying power of the investment portfolio based on the most restrictive of the calculated compliance rules.

“The system also provides compliance means which serves to on a real-time basis compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards and provide instructions regarding stopping, delaying or proceeding with the proposed trade with appropriate records being kept.” (col. 2, lines 41-46) Therefore, prioritized rules are available, and a proposed trade is compared against them. It would be inherent that a trade would be gated by the most restrictive rule.

Display

Cwenar teaches compliance system based on rules for fixed instruments and a display with what-if scenarios.

Cwenar fails to explicitly teach displaying compliance rules and transaction limits.

However, Sands et al. teaches displaying rules and limits.

Sands et al. teaches:

“FIG. 7 is a printscreen that displays a detail window activated when the trader double-clicks a fund in the Quick Look window to see

details of the rules applied and each of their limits. There are two columns for each rule. The first column considers only trades that have been authorized by a trader, while the second column displays values when preliminary trades are also considered. Notice that there are two rules that display that the fund is already over a limit. This is due to the fact that the funds shown here do not use this provision of the rule.” ¶ [0313]

This known technique of displaying compliance rules and limits is applicable to Cwenar as they both share the characteristics and capabilities, namely, they are directed to evaluating transactions using compliance rules.

One of ordinary skill in the art at the time of invention would have recognized that applying the known technique of displaying taught by Sands et al. would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Sands et al. to the teachings of Cwenar would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate displaying features into similar systems. Further, applying display to Cwenar with compliance rules would have been recognized by those of ordinary skill in the art as resulting in an improved system that would have allowed for access to rules being applied by the system.

Regarding claim 15:

A system for determining the transaction limit of an investment portfolio for a given security comprising:

a) means for storing a set of compliance rules for an investment portfolio, each of the compliance rules defining a limit on the amount of shares of the security that can be added to the investment portfolio based on predetermined criteria;

Cwenar provides:

Compliance rules for investment portfolios...

“The system further provides, in preferred forms, the use of relational databases and central data repository, the use of dynamically linked library architecture with firewalls, rules-based compliance systems and great flexibility in respect of storage and communication of investment information.” (col. 14, lines 10-15)

“It is another object of the present invention to provide such a system which permits real-time, rule-based compliance review in order to determine that a proposed transaction will not violate predetermined rules.” (col. 2, lines 66-67 and col. 3, lines 1-2)

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b) means for receiving a request to analyze a proposed transaction involving the security; and

“This invention relates to a system for receiving, processing, creating and storing for selective retrieval investment information and, more specifically, it provides a system wherein external data interface means receives and processes investment information from nonuser outside sources which is delivered to a server which receives, processes, creates investment information and starts the same in a central database, and also provides access to the server through the external user interface means.” (col. 1, lines 11-20)

c) means for calculating a transaction limit for the proposed transaction for each of the compliance rules in the set of compliance rules;

“It is another object of the present invention to provide such a system which permits real-time, rule-based compliance review in order to determine that a proposed transaction will not violate predetermined rules.” (col. 5, lines 22-26). For a transaction not to violate predetermined rules requires calculation of a transaction limit.

“In the event a proposed transaction or prospectus violates such rules, the system would, in the preferred embodiment, issue a message or take action to terminate the transaction. By way of specific example, a mutual fund might be prohibited from purchasing a certain category of stocks or from owning more than a certain percentage of a certain category of investment.” (col. 11, line 67 and col. 12, lines 1-6)

d) means for sorting the compliance rules from most restrictive to least restrictive based upon the transaction limit calculated for each compliance rule; and

Cwenar teaches:

“The system also provides compliance means which serves to on a real-time basis compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards and provide instructions regarding stopping, delaying or proceeding with the proposed trade with appropriate records being kept.” (col. 2, lines 41-46)

While Cwenar discloses prioritizing compliance rules, he does not disclose sorting the rules from least to most restrictive based on transaction limits. However, the Examiner takes Official Notice that sorting information based on relevancy is old and well known. Therefore, it would have been obvious to one skilled in the art at the time of invention to include the ability to sort compliance rules from most to the least restrictive and that doing this would permit quick assessment of the most critical rules that are gating a transaction.

It would be inherent that the most restrictive rule would have the lowest transaction limit and the least restrictive rule would have the highest transaction limit.

e) means for displaying the sorted compliance rules along with the transaction limit associated with each compliance rule.

“It will be appreciated, therefore, that the present invention provides an improved system for receiving, processing, storing, creating, displaying and acting upon a wide variety of investment data, including the data employed in managing mutual funds and effecting trades.” (col. 13, lines 62-66)

“A request for data or information originating within the external user interface results in the server means processing the request as by finding the data in the main or central database and returning the information to the external user interface for processing, such as display, performing calculations and performing spreadsheet-like, what-if calculations.” (col. 4, lines 7-13)

(see Display below)

Display

Cwenar teaches compliance system based on rules for fixed instruments and a display with what-if scenarios.

Cwenar fails to explicitly teach displaying compliance rules and transaction limits.

However, Sands et al. teaches displaying rules and limits.

Sands et al. teaches:

“FIG. 7 is a screenshot that displays a detail window activated when the trader double-clicks a fund in the Quick Look window to see details of the rules applied and each of their limits. There are two columns for each rule. The first column considers only trades that have been authorized by a trader, while the second column displays values when preliminary trades are also considered. Notice that there are two rules that display that the fund is already over a limit. This is due to the fact that the funds shown here do not use this provision of the rule.” ¶ [0313]

This known technique of displaying compliance rules and limits is applicable to Cwenar as they both share the characteristics and capabilities, namely, they are directed to evaluating transactions using compliance rules.

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One of ordinary skill in the art at the time of invention would have recognized that applying the known technique of displaying taught by Sands et al. would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Sands et al. to the teachings of Cwenar would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate displaying features into similar systems. Further, applying display to Cwenar with compliance rules would have been recognized by those of ordinary skill in the art as resulting in an improved system that would have allowed for access to rules being applied by the system.

Regarding claim 18:

A system as recited in claim 15, further comprising means for determining the buying power of the portfolio based upon the transaction limit associated with the most restrictive compliance rule.

Cwenar provides:

“The system also provides compliance means which serves to on a real-time basis compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards and provide instructions regarding stopping, delaying or proceeding with the proposed trade with appropriate records being kept.” (col. 2, lines 41-46) Therefore, prioritized rules are available, and a proposed trade is compared against them. It would be inherent that a trade would be gated by the most restrictive rule.

Regarding claims 22 and 25:

(claim 22) A method of determining the buying power of an investment portfolio comprising the steps of:

a) receiving a request to analyze a proposed transaction involving a security from a portfolio manager for a selected portfolio stored in a portfolio database;

Cwenar provides:

“This invention relates to a system for receiving, processing, creating and storing for selective retrieval investment information and, more specifically, it provides a system wherein external data interface means receives and processes investment information from nonuser outside sources which is delivered to a server which receives, processes, creates investment information and starts the same in a central database, and also provides access to the server through the external user interface means.” (col. 1, lines 11-20)

“It is another object of the present invention to provide such a system which will permit the rapid and accurate computerized processing of large

volumes of investment data, such as that involved in mutual fund transactions and portfolio management, for example.” (col. 3, lines 23-27)

b) retrieving the selected portfolio from the portfolio database;

Ability to access portfolio information (in this case a mutual fund)...

“If a user 22, 24, 26, 28 acting through the external user interface 2 desires to access within server means 4, information such as what companies are held by mutual fund XYZ, information from column A of the relational database would be provided.” (col. 9, lines 30-34)

c) accessing a set of compliance rules related to the selected portfolio from a rules database;

“The compliance check may be performed on both the external user interface and the server employing rules stored in the main database.” (col. 2, lines 46-48)

d) determining whether each compliance rule in the set of compliance rules related to the selected portfolio applies to the proposed transaction;

“The system also provides compliance means which serves to on a real-time basis compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards and provide instructions regarding stopping, delaying or proceeding with the proposed trade with appropriate records being kept.” (col. 2, lines 41-46)

e) calculating a transaction limit for the proposed transaction for each applicable compliance rule in the set of compliance rules;

“It is another object of the present invention to provide such a system which permits real-time, rule-based compliance review in order to determine that a proposed transaction will not violate predetermined rules.” (col. 2, lines 66-67 and col. 3, lines 1-2)

“In the event a proposed transaction or prospectus violates such rules, the system would, in the preferred embodiment, issue a message or take action to terminate the transaction. By way of specific example, a mutual fund might be prohibited from purchasing a certain category of stocks or from owning more than a certain percentage of a certain category of investment.” (col. 11, line 67 and col. 12, lines 1-6)

f) sorting each applicable compliance rule from most restrictive to least restrictive

“The system also provides compliance means which serves to on a real-time basis compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards and provide

instructions regarding stopping, delaying or proceeding with the proposed trade with appropriate records being kept.” (col. 2, lines 41-46)

While Cwenar discloses prioritizing compliance rules, he does not disclose sorting the rules from least to most restrictive based on transaction limits. However, the Examiner takes Official Notice that sorting information based on relevancy is old and well known. Therefore, it would have been obvious to one skilled in the art at the time of invention to include the ability to sort compliance rules from most to the least restrictive and that doing this would permit quick assessment of the most relevant rules that are gating a transaction.

g) displaying the sorted applicable compliance rules and the calculated transaction limit for each rule;

“It will be appreciated, therefore, that the present invention provides an improved system for receiving, processing, storing, creating, displaying and acting upon a wide variety of investment data, including the data employed in managing mutual funds and effecting trades.” (col. 13, lines 62-66)

“A request for data or information originating within the external user interface results in the server means processing the request as by finding the data in the main or central database and returning the information to the external user interface for processing, such as display, performing calculations and performing spreadsheet-like, what-if calculations.” (col. 4, lines 7-13)

(Display below)

h) specifying the buying power of the selected portfolio for the proposed transaction, wherein the buying power is equal to the transaction limit for the most restrictive of the applicable compliance rules and

Cwenar provides:

“The system also provides compliance means which serves to on a real-time basis compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards and provide instructions regarding stopping, delaying or proceeding with the proposed trade with appropriate records being kept.” (col. 2, lines 41-46) Therefore, prioritized rules are available, and a proposed trade is compared against them. It would be inherent that a trade would be gated by the most restrictive rule.

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i) displaying the name of the selected portfolio and its associated buying power for the proposed transaction involving the security.

“It will be appreciated, therefore, that the present invention provides an improved system for receiving, processing, storing, creating, displaying and acting upon a wide variety of investment data, including the data employed in managing mutual funds and effecting trades.” (col. 13, lines 62-66) It would be inherent in displaying mutual fund information to display the name of the fund, for example.

Display

Cwenar teaches compliance system based on rules for fixed instruments and a display with what-if scenarios.

Cwenar fails to explicitly teach displaying compliance rules and transaction limits.

However, Sands et al. teaches displaying rules and limits.

Sands et al. teaches:

“FIG. 7 is a printscreen that displays a detail window activated when the trader double-clicks a fund in the Quick Look window to see details of the rules applied and each of their limits. There are two columns for each rule. The first column considers only trades that have been authorized by a trader, while the second column displays values when preliminary trades are also considered. Notice that there are two rules that display that the fund is already over a limit. This is due to the fact that the funds shown here do not use this provision of the rule.” ¶ [0313]

This known technique of displaying compliance rules and limits is applicable to Cwenar as they both share the characteristics and capabilities, namely, they are directed to evaluating transactions using compliance rules.

One of ordinary skill in the art at the time of invention would have recognized that applying the known technique of displaying taught by Sands et al. would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Sands et al. to the teachings of Cwenar would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate displaying features into similar systems. Further, applying display to Cwenar with compliance rules would have been recognized by those of ordinary skill in the art as resulting in an improved system that would have allowed for access to rules being applied by the system.

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Regarding claim 32:

The method of claim 1, wherein the predetermined criteria include at least one of duration guidelines, asset allocation guidelines, credit ratings, and restricted security lists.

Cwenar teaches:

“With respect to business preference items, for example, there may be certain preferences regarding ratings, diversification, maturity dates or yields, or time limits on certain rules that would be introduced into the preference rules.” (col. 12, lines 11-16)

14. Claims 6-7 and 23-24 are rejected under 35 U.S.C. 103(a) as being unpatentable over the combined references in section (13) above in further view of Pub. No. US 2004/0220872 to Pollock, III.

Regarding claim 6:

The method according to claim 1, further comprising testing each compliance rule against the proposed transaction using a nominal transaction value.

While Cwenar teaches applying compliance rules to a proposed transaction, he does not teach using a nominal transaction value.

Pollock, III also in the business of compliance rules teaches:

“... the invention features a method that includes receiving a proposed nominal value of an appreciation loan associated with an appreciating asset, and determining whether the nominal value meets guidelines of a lender of the loan.”

Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention to add a test for nominal value, motivated by Pollock, III, and that doing this would be an added proposed transaction that would easy to carry out by Cwenar’s system.

Regarding claim 7:

A method according to claim 6, further comprising the step of determining that the buying power of the portfolio for the proposed transaction is zero if the nominal transaction value for the proposed transaction violates a compliance rule.

It is inherent in compliance rule testing that if the test fails, a proposed transaction would not occur, and therefore the value of the proposed transaction would be zero.

Regarding claim 23:

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A method according to claim 22, wherein the step of determining whether each compliance rule in the set of compliance rules applies to the proposed transaction includes testing each compliance rule against the proposed transaction using a nominal transaction value.

While Cwenar teaches applying compliance rules to a proposed transaction, he does not teach using a nominal transaction value.

Pollock, III also in the business of compliance rules teaches:

“... the invention features a method that includes receiving a proposed nominal value of an appreciation loan associated with an appreciating asset, and determining whether the nominal value meets guidelines of a lender of the loan.”

Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention to add a test for nominal value, motivated by Pollock, III, and that doing this would be an added proposed transaction that would easy to carry out by Cwenar’s system.

Regarding claim 24:

A method according to claim 23, further comprising the step of determining that the buying power of the selected portfolio for the proposed transaction is zero if the nominal transaction value violates a compliance rule related to the selected portfolio.

It is inherent that if a proposed transaction fails a compliance rule, a transaction will not occur.

15. Claims 28 and 31 are rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 6,820,069 to Kogan et al. in view of U.S. Pub. No. 2002/0059107 to Reich et al.

Regarding claim 28:

A system for facilitating trade entry and portfolio management, the system comprising:

a) a user interface interacting with a control program, a data storage device, and a processor;

Kogan et al. teaches:

“The compliance server 140 includes, at a minimum, system memory, processor, network interface capabilities, and input/output access to a persistent datastore.” (col. 4, lines 9-12) Inherent with the input/output access would be a user interface.

“The computer system 1000 further includes a mass storage device 1022, peripheral device(s) 1030, portable storage medium drive(s) 1040, input control device(s) 1070, a graphics subsystem 1050, and an output display 1060.” (col. 14, lines 46-49)

b) a financial security section of the user interface displaying the name of a security as well as data associated with the security;

Kogan et al. teaches:

“For example, in a pre-trading application for financial securities, the local query data consists of parameters of the trade (e.g., security identification, price, quantity of shares, etc.)” (col. 4, lines 23-26) Therefore, security data is accessible via a user interface.

c) a portfolios section of the user interface displaying data retrieved from the data storage device, the data including a selectable list of investment portfolios and a buying power limit for the security associated with each of the investment portfolios; and

Kogan et al. teaches:

“For example, institutional investors have regulatory obligations with regard to trading. Furthermore, money managers, such as managers of mutual funds, also have guidelines for securities transactions. A portfolio manager for a large institutional investor may impose specific guidelines or rules regarding the diversification of the portfolio. For example, the institutional investors may wish to limit the amount of securities held for a particular industry, define a minimum trading amount, list securities that are not to be purchased for that institutional investor, etc. In addition, a portfolio owner may impose on a broker a number of limitations regarding the type and quantity of securities for trading.” (col. 1, lines 28-40) Inherent in managing mutual funds would be access to the different fund portfolios.

“Typically, the data is stored in tables in a persistent datastore (e.g., a hard disk drive).” (col. 1, lines 59-60) Tables would provide information in list form.

d) a buying power module of the user interface displaying a list of compliance rules retrieved from the data storage device and a transaction limit calculated by the processor, the transaction limit being associated with each compliance rule, wherein the compliance rules and associated transaction limits are listed from lowest transaction limit to highest transaction limit and are applicable to a currently selected investment portfolio in the portfolios section of the user interface.

Kogan et al. teaches transaction limits:

“A portfolio manager for a large institutional investor may impose specific guidelines or rules regarding the diversification of the portfolio. For example, the institutional investors may wish to limit the amount of

securities held for a particular industry, define a minimum trading amount, list securities that are not to be purchased for that institutional investor, etc. In addition, a portfolio owner may impose on a broker a number of limitations regarding the type and quantity of securities for trading." (col. 1, lines 31-40)

(Also, see Limits below)

Limits

Kogan et al. teaches accessible compliance rules and transaction limits. Kogan et al. fails to teach a list of compliance rules from lowest transaction limit to highest transaction limit.

However, Reich et al. teaches the known technique of lowest and highest transaction limits.

Reich et al. teaches list of compliance rules:

"A list server is connected to the list storage areas and the rules engine and is configured to process the information in the restriction lists and indicate, in response to a query from the rules engine, which restrictions are relevant to a given request." ¶ [0009]

"Various features can be implemented in the system to enhance functionality and increase performance. In one implementation, compliance rules are assigned a specified priority which is used to determine the order in which the rules are evaluated." ¶ [0012]

"When multiple restrictions are in place for a given instrument, the list server 34 can limit the number of restrictions to be considered by returning only restrictions having a minimum severity level or only the most severe restriction. In a specific embodiment, when more than one restriction on a given instrument is present in the same control list, the list server 34 will return only the restriction having the highest severity level from that list. Because which list a restriction appears in can effect whether a given party is in compliance, in this embodiment, if a restriction is present in more than one list, the most severe restriction from each list is returned." ¶ [0039] Inherent in determining, for example, which has the highest severity level in a list would be sorting the list by severity.

This known technique is applicable to Kogan et al. as they both share characteristics and capabilities, namely, they are directed to compliance rules.

One of ordinary skill in the art at the time of invention would have recognized that applying the known technique of Reich et al. would have yielded the

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predictable results and resulted in an improved system. It would have been recognized that applying the technique of Reich et al. to the teachings of Kogan et al. would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate such sorting features into similar systems. Further, applying sorting from lowest to highest to Kogan et al. would have been recognized by those of ordinary skill in the art as resulting in an improved system that would allow detail analysis of the gating effects of compliance rules on the transaction limits.

Regarding claim 31:

The system of claim 28, further comprising a transaction execution module allowing a user to execute a proposed transaction involving the security for the currently selected investment portfolio.

Kogan et al. teaches

“For example, in the pre-trading application, the output of the compliance server may be an application that initiates the trade. For this example, if the query is compliant, the process continues (i.e., the trade is allowed to proceed).” (col. 5, line 67 and col. 6, lines 1-2)

16. Claims 29-30 are rejected under 35 U.S.C. 103(a) as being unpatentable over the combined references in section (15) above in further view of U.S. Pub. No.

2002/0198812 to Wison et al.

Regarding claim 29:

The system of claim 28, wherein the buying power module further comprises a rule description box providing a character string that defines a currently selected compliance rule.

Kogan et al. teaches "Rule Definition Language":

“Variables in RDL may be declared as "bool", "string", "number" (e.g., floating point numeric type equivalent to the type double in C++), procptr, void, or user-defined structure.” (col. 11, lines 20-23)

Kogan et al. teaches character strings for rules.

Kogan et al. fails to teach a description box.

However, Wison et al. teaches a description box for a character string:

“It would be beneficial therefore, to provide a computer-based system and method for effectively and efficiently designating a pricing method for a fixed income security utilizing a compact

character string input into a data field in a graphical user interface.”
¶ [0007].

This known technique is applicable to Kogan et al. as they both share characteristics and capabilities, namely, they are directed to character strings for rules.

One of ordinary skill in the art at the time of invention would have recognized that applying the known technique of Wizon et al. would have yielded the predictable results and resulted in an improved system. It would have been recognized that applying the technique of Wizon et al. to the teachings of Kogan et al. would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate a description box for character strings into similar systems. Further, applying the description box to Kogan et al. would have been recognized by those of ordinary skill in the art as resulting in an improved system that would provide easy access to compliance rules using the description box.

Regarding claim 30:

The system of claim 28, wherein the data associated with the security includes price, yield, duration, and convexity.

Kogan et al. teaches security analysis.

Kogan et al. fails to teach price, yield, duration, and convexity.

However, Wizon et al. teaches security parameters:

“Preferably, the means for designating a pricing method for a selected fixed income security includes means for entering a compact computer readable character string in a specific field of a graphical user interface, wherein the character string represents a preferred pricing methodology for the security. The means for designating a pricing method includes means for designating a pricing method based on volatility, yield, a yield curve, a pricing benchmark such as a reference point on a yield curve, a spread, or an option adjusted spread.” ¶ [0009] Also, ¶ [0026]. The volatility would provide convexity data.

Providing pricing parameter information is applicable to Kogan et al. as they both share characteristics and capabilities, namely, they are directed security analysis.

One of ordinary skill in the art at the time of invention would have recognized that applying the known technique of Wizon et al. would have yielded the predictable results and resulted in an improved system. It would have been recognized that applying the technique of Wizon et al. to

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the teachings of Kogan et al. would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to provide security analysis into similar systems. Further, applying the pricing parameters to Kogan et al. would have been recognized by those of ordinary skill in the art as resulting in an improved system that would provide useful security information parameters for analysis.

Conclusion

17. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

U.S. Patent No. 7,016,870 Jones et al.

18. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

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the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to KENNETH L. BARTLEY whose telephone number is (571)272-5230. The examiner can normally be reached on Monday through Friday, 8:00 - 5:00 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jagdish Patel can be reached on (571) 272-6748. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/JAGDISH N PATEL/

Primary Examiner, Art Unit 3693

5/16/08

